Retirement Plan

Introduction

An important question for you to consider is the financial security you will have after you retire. The INEEL Employee Retirement Plan is designed to provide you with an income in addition to your Social Security benefits, and to assist you in maintaining financial independence during your retirement years. The plan may also provide you or your family with valuable benefits if you become disabled or die before retirement.

This plan summary describes the INEEL Employee Retirement Plan as in effect on October 1, 1999. Although the Plan Administrator intends to advise you when your benefits may be affected by a plan amendment and/or changes in the law, it is possible that this summary may not at all times reflect all recent changes to the plan or applicable provisions of recently enacted laws. If at any time there is a discrepancy between the terms of the plan document and this summary, the plan will govern. Of course, the plan in operation must always comply with applicable laws.

Highlights of the Plan

Retirement Ages. Normal retirement age is 65. If you retire at age 65, you can receive full benefits from the plan.

Early retirement with **unreduced** benefits may start as early as age 62. Early retirement with **reduced** benefits may start before age 62 if you meet certain requirements.

Late retirement occurs after age 65 if you continue working for the company.

Funding the Plan. The company pays most of the cost of the retirement plan. You will contribute to the plan if your salary is above the Social Security wage base.

Vesting. You become fully vested in your retirement benefit after you complete 5 years of cumulative service or if you are an employee on or after your 65th birthday. You also become fully vested if you end employment due to disability as defined in the plan. When you become fully “vested” in your retirement benefit you “own” all your retirement benefit.

You are always vested in your own contributions (if you make contributions), plus credited interest. This means that if your employment ends before you are fully vested you will be entitled to a benefit based on the value of your contributions.

Retirement Benefits. Benefits are calculated using the plan’s formula(s). Benefit amounts are based on your earnings while you are a participant and your years of participation in the plan.

Forms of Benefits. Retirement benefits are payable for your lifetime if you are not married when benefits start. If you are married, you may draw your retirement benefit over your lifetime only, or you may choose to draw a lesser retirement benefit over your lifetime and provide a survivor benefit for your spouse in the event of your death. Under certain circumstances, the present value of all or part of your vested retirement benefit may be paid in a single, lump sum payment. Optional forms of benefit payment are chosen before benefits start.

Pre-Retirement Survivor Benefits. If you are married and die before you begin receiving benefits, your spouse may receive a survivor's benefit based on your vested retirement benefit.

Your survivor will always receive the full value of **your contributions** to the plan, plus interest, if you die before benefits start.

Disability Service Credit. If you become disabled as defined by the terms of the plan, you can continue to earn service credit under the retirement plan provisions in effect at the time the disability is incurred.

Changes to the Plan. Federal legislation often has an effect on the provisions of this plan. The INEEL Retirement and Investment Plans Committee will study all new laws and regulations to determine the best means of complying with new legal requirements. You will be informed of any plan changes. If the plan is amended, the benefits you earned as of the date of the amendment cannot be reduced. Any amendment to the retirement plan will be in writing and signed by the Plan Sponsor.

Joining the Plan-Eligibility

Regular Full-Time Employee. If you are a regular, full-time employee, you are eligible to join the retirement plan (1) on the first day of the month following your employment date if you are hired prior to the 20th of the month or; (2) on the first day of the second month following your employment date if you are hired on or after the 20th of the month. Participation in the retirement plan is not automatic; you must make a positive election (on a form available from the Benefits Office) to participate in this plan.

You are a regular, full-time employee under this plan if you are normally scheduled to work full-time, and you are identified as a regular full-time employee on the company's records.

Regular Part-Time or Temporary Employee. If you are a regular part-time or temporary employee, you are eligible to join the retirement plan the first day of the month after you complete a year of eligibility service. You earn a year of eligibility service if you are credited with at least 1,000 hours of service in a 12-month period counted from your date of hire, or in any subsequent plan year.

Definition of a Regular Part-Time or Temporary Employee. You are a regular part-time or temporary employee if you are hired for a specified period of time or on a part-time basis and are identified as a regular part-time or temporary employee on the company's records.

Delayed Enrollment. If you don't join when you are first eligible, you may join the plan the first day of any subsequent month as long as the Benefits Office receives your application by the 20th day of the month before the effective date of your participation.

Important Terms Affecting Your Benefit

Terms used in this handbook section which have special meanings for the plan or are used to determine the amount of your benefit are defined below.

Break in Service occurs if you leave the company and are gone more than one year.

Committee means the INEEL Employee Retirement and Investment Plans Committee, which directs the operations of the plan.

Company means Bechtel BWXT Idaho, LLC (BBWI) and any other DOE-ID contractor which adopts this plan with the approval of the Committee.

Covered Compensation is determined by your year of birth and is calculated in the year you retire or otherwise end employment. It is equal to the average of the maximum Social Security wage base amounts over the 35 years preceding your normal retirement date, and changes each year as the Social Security wage base changes. Sample average covered compensation amounts are available from the Benefits Office.

Credited Service is used in the benefit formula to determine the amount of retirement benefits you will receive under the plan's benefit formula(s).

- When you participate in the plan, you earn a year of credited service (or a partial year for a period of less than a full year) based on your elapsed time as a company employee during each plan year (October 1 to September 30). Elapsed time starts with the date you become a participant in the plan, and ends on the earliest of your retirement date, your employment termination date, or the date of your death.

- You may also earn credited service during periods of disability when you are eligible to receive benefits from the company's long-term disability (LTD) plan.

- Credited service does **not** include:

  – Time when you are not an employee of the company, except when you are receiving LTD benefits as described in the Section of this Booklet titled "Benefits If You Become Disabled."

– Time when you are not a participant in the plan.

– Any period of participation for which you elected to receive distribution of only your accumulated contributions plus interest, unless you are rehired within 5 years.

– Any period of participation for which you were required to take a distribution of your vested retirement benefit not over $3,500, unless you are rehired within 5 years.

– Any period of participation for which you elected to receive a lump sum payment of your vested retirement benefit if you were fully vested.

– Any period when you are required to contribute to the plan, but you suspend your contributions.

Cumulative Service is used only to determine your eligibility to participate and when you are fully vested in your retirement benefit. Cumulative Service is generally the same as recognized company service. You earn a year of cumulative service for each full year you are a company employee. In certain cases employees who are transferred to the company from an affiliated company, or who are transferred from the company to an affiliated company, receive cumulative service credit for their employment with the affiliated company. Please note the following special provisions that are used in calculating your cumulative service:

1. For plan years beginning before October 1, 1985, cumulative service does not include service before a break in service that is longer than your cumulative service before the break. This applies only if you were not fully vested at the time of your break in service.

2. For plan years beginning October 1, 1985 and after, in the event you were not fully vested at the time of your break in service, cumulative service does not include service before a break in service that is 5 or more years.

3. Cumulative service will include a period of severance that begins on an approved leave of absence or layoff of 1 year or less.

Earnings, if you are a regular full-time employee, is your regular monthly base pay, not including shift differentials, cost-of-living adjustments, overtime, retroactive pay adjustments, lump-sum payments, bonuses or other types of premium pay, except as provided by a collective bargaining agreement. If you are a regular part-time or temporary employee, earnings means your pay that is subject to federal income tax withholding and reportable to IRS on your W-2 form.

Earnings include money you contribute to the INEEL Employee Investment Plan, Medical Plan, Dental Plan, Vision Plan, Accidental Death and Dismemberment Plan, and Flexible Spending Account(s). Your earnings are computed before any deductions you authorize or which are required by law to be withheld from your pay. Earnings do not include any payments by the company on your behalf under any benefit plan.

The federal government imposes maximum limits on the amount of earnings which can be used to calculate your benefits. You will be notified if you are affected by these limits.

Final Average Monthly Earnings (FAME) means the average of your monthly salary amounts for the 36 consecutive months (out of the last 60 months of your employment) in which your salary is the highest.

LTD Participant is a disabled participant who is receiving benefits under the Company's long-term disability (LTD) plan. A disabled participant who is not covered under the LTD plan will be an LTD participant if it is determined by the Committee that he/she would have qualified for LTD benefits.

Period of Severance means a period of absence from the Company. Employees who do not complete at least 1 hour of service during a consecutive 12-month period, starting on the severance date, will have a 1-year period of severance. Severance does not include paid leaves of absence (such as personal leave, short-term disability bank usage, court leave, death in family leave, and military leave for training), or unpaid leaves of absence which do not involve employment termination (including time off without pay, Family and Medical Leave of Absence, Inactive Employee Status, military leave of absence for active duty or professional leave of absence). Additionally, severance does not include a layoff, Administrative Leave of Absence, or Professional Leave of Absence (involving an employment termination) for 1 year or less.

Your severance date is the earliest of:

- The date you end employment with the company (unless you are placed on layoff or an approved leave of absence) or with any of its affiliated companies after a transfer.
- The date your employment terminates if you are scheduled to return to work from a leave of absence or layoff of one year or less from the company, but you do not report for work
- The date one year after the start of any layoff or approved leave of absence from the company, if you return to work.

Plan means the INEEL Employee Retirement Plan.

Social Security Wage Base is the maximum amount of annual salary on which you and the company must pay Social Security (OASDI) taxes. This base is set each year by the Social Security Administration.

Vested Retirement Benefit is the part of your retirement benefit calculated using the plan's benefit formula that is fully vested and nonforfeitable.

Financing the Plan

Company Contributions. The company contributes an amount to the retirement plan which, when combined with funds contributed by certain participants, will be enough to fund the plan benefits on a sound financial basis.

The company's contributions to the plan are based on calculations prepared by an independent enrolled actuary. The actuary prepares a periodic report that summarizes all plan activity for the previous plan year and recommends how much the company should contribute based on the number and ages of plan participants, the current amount of the plan fund, and the benefits provided by the plan.

Your Contributions. Employees whose calendar year earnings exceed the Social Security Wage Base established for such year are required to contribute 4% of their excess earnings to the Retirement Plan. These contributions begin at such time in the calendar year as the employee's earnings have actually exceeded the Social Security Wage Base, and continue for the remainder of that year. Contributions to the plan, if any, are made by payroll deduction on an after-tax basis.

Contributions and credited interest on your contributions are 100% nonforfeitable. This means that you are guaranteed and are fully vested in (you "own") these amounts at all times.

You earn interest on your contributions at an annual rate that is **at least** the minimum interest rate required under the Employee Retirement Income Security Act (ERISA) of 1974.

You may not withdraw your contributions while you are still employed by the company or an affiliated company. You may elect to suspend your contributions for a minimum period of 12 months. During this period of suspension, you will not receive credited service toward your retirement benefit, but your cumulative service during this time will count toward your eligibility for **vesting** in your retirement benefit.

If you end employment while you are covered by the retirement plan, the balance of your contributions as of the date you end employment will be calculated as the sum of your contributions plus credited interest, and will be payable to you subject to certain conditions. For more information, see the section in the entitled "Optional Separate Lump-Sum Payment of Your Contributions Plus Credited Interest."

If you die before you retire, your survivor will receive a benefit from the plan of **at least** the sum of your contributions plus credited interest. See the section of this book entitled "Payment of Your Contributions if You Die Before Your Retirement Benefits start."

Trust Fund. The contributions made by you and the company are deposited in a trust fund. The money in the fund is used to provide retirement benefits according to the provisions of the plan.

Under the terms of the plan, the money in the Retirement Plan fund must be used to provide benefits for plan participants. The company cannot use any of the money in the fund, except under limited circumstances.

Calculating Your Retirement Benefit

Your monthly retirement benefit is determined by comparing the amounts from two formulas. The higher benefit amount produced from the two formulas will form the basis for your retirement benefit (subject to reduction for the cost of the pre-retirement death benefit), payable for life on your retirement at age 65. Other retirement ages and forms of benefit payment may also be available to you, in which case the monthly benefit amount will be adjusted.

Terms used in the formulas are defined in the previous section. “FAME,” as used below, stands for final average monthly earnings.

<u>Formula 1</u>

Monthly Retirement Benefit =

1%	Ξ	FAME **up to** covered compensation	Ξ	Years of credited service
		PLUS (+)		
1.8%	Ξ	FAME **above** covered compensation	Ξ	Years of credited service

<u>Formula 2</u>

Monthly Retirement Benefit =

1.2%	Ξ	FAME	Ξ	Years of credited service

Current employees who were on the payroll on August 31, 1980 and have not had a break in service, will also be eligible for benefits under another formula which was in effect at that time, if the old formula produces a larger benefit. You may contact the Benefits Office for a description of this formula.

Retirement Dates

Normal Retirement. Normal retirement age under the plan is 65.

You will be eligible to receive the full amount of your vested retirement benefit as calculated under the plan’s benefit formula (subject to reduction for the cost of the pre-retirement death benefit), starting on your normal retirement date. Your normal retirement date is the first day of the month on or after your 65th birthday.

Early Retirement. The earliest age at which you may retire under the plan is 55.

You may elect early retirement, effective on the first day of any month on or after your 55th birthday, if you have completed 5 years of cumulative service. You do not need to complete 5 years of service if you were 55 years of age or older on October 1, 1990.

Your early retirement benefit will be based on your credited service and final average monthly earnings as of your early retirement date. The benefit amount will be calculated using the plan's benefit formula and normal retirement age (age 65). Adjustments will then be made to this amount for the cost of the pre-retirement death benefit option (if applicable) and the appropriate reduction for early retirement.

You may elect to have your retirement benefit payments start as early as age 62 without any reduction for early retirement.

If you elect to have your benefit payments start between ages 55 and 62, the amount of the payments will be reduced by .25% for each month (3% per year) that payments start before age 62. Your retirement benefits are reduced if you retire early because they will probably be paid for a longer period of time.

Calculating the early retirement reduction in the manner described above provides a substantial subsidy to individuals who continue their employment with the company to age 55 or older and elect to retire between the ages of 55 and 64. Please note that this subsidy is generally available only to those employees who do not terminate their employment prior to being eligible to retire. A comparison of (1) the subsidized early retirement benefits available for employees who work to at least age 55, and (2) the actuarially reduced benefits available for employees who terminate their employment prior to reaching age 55, is included in the table that follows.

<u>Example</u>: The subsidized plan benefit payable at age 55 is 79% of the accrued benefit payable at age 65, compared with 39% on an unsubsidized basis. Therefore, a participant who works to age 55 and then begins drawing his/her retirement benefits receives 103% more than he or she would if the special plan subsidy did not exist.

Percentage of Age-65 Benefit Payable If You Retire Between Ages 55 and 64

Age at Termination	65	64	63	62	61	60	59	58	57	56	55
A. INEEL Plan (work to age 55 or older)	100	100	100	100	97	94	91	88	85	82	79
B. Unsubsidized Benefit-Actuarial Reduction (do not work to age 55 or older)	100	90	81	74	67	61	55	51	46	42	39
C. Percentage Difference	0%	11%	23%	35%	45%	57%	65%	73%	85%	95%	103%

Early Retirement – Firefighters. If you are a firefighter and have completed at least 5 years of cumulative service you may be eligible to start an early retirement benefit before age 55.

If you are a firefighter who became an employee of the company in 1993 and were never covered under a collective bargaining agreement, you may elect early retirement at age 50. If you have completed at least 30 years of cumulative service, your retirement benefits will not be reduced. If you have not completed at least 30 years of cumulative service, benefits will be reduced 3% for each year of cumulative service less than 30, or for each year of attained age less than 62 (but not below age 50), whichever is the smaller reduction.

If you are a firefighter covered under the Paper, Allied-Industrial, Chemical & Energy Workers International Union Local 2-652 (Firefighters) Working Agreement, and have completed at least 30 years of cumulative service, you may elect an unreduced early retirement benefit regardless of your attained age. If you have not completed at least 30 years of cumulative service, you may elect an early retirement benefit starting at age 55, reduced 3% for each year of cumulative service less than 30, or for each year of attained age less than 62 (but not below age 55), whichever is the smaller reduction.

Late Retirement. You may decide to continue working beyond age 65 and retire at a later date. In this case, your retirement date will be the first day of the month after you actually terminate your employment. Your retirement benefit will be calculated under the plan's formula, using your credited service and final average monthly earnings as of your actual retirement date. If you work beyond age 70-1/2, you may elect to start payment of your retirement benefits while you are still working. When your employment ends, your retirement benefits will be increased for any additional benefits that you earned.

When You Are Ready to Retire. With your manager's approval, you should contact the Benefits Office about 4 weeks before your retirement date for an appointment to complete the necessary forms to retire. Retirement is effective on the first day of the month following your termination date. The regular termination procedure should be followed.

When Payments Begin. Benefit payments will normally begin as of the first day of the month after you retire. If you continue working beyond age 65, you may elect in writing to defer the start of your benefits. Your retirement benefit payments **must begin** by April 1 of the year after you reach age 70½, even if you are still working for the company.

Forms of Benefit Payment

The normal form of payment of your vested retirement benefit is a lifetime income payable monthly beginning at normal retirement (age 65), calculated using the plan's formula(s). Your benefit can be paid in one of the following ways.

Automatic Form for a Single Participant - Single Life Annuity. If you are single when your benefits start, you will receive your vested retirement benefit payments as a single life annuity over the remainder of your lifetime. Under this form of payment, there are no survivor benefits.

Automatic Form for Married Participant—Joint and 50% Survivor Annuity. If you are married when benefits start and do not make any other election, your vested retirement benefit will automatically be paid in the form of a joint and 50% survivor benefit (see below), with one-half of your benefit payable to your surviving spouse (for the remainder of his/her lifetime) after your death.

If you choose to provide a 50% survivor benefit for your spouse, the payments received over your lifetime will normally be 10% to 20% lower than the benefits payable under the normal form (single life annuity). This reduction is made because your spouse continues to receive a benefit after you die, so that usually your retirement benefit is paid over a longer period of time. For example, if your monthly benefit is $100 per month under the single life annuity, you could expect to receive approximately $80 to $90 per month under the joint and 50% survivor form of payment, depending on your spouse's age.

Examples 2 and 4 on the pages that follow show benefit calculations for the automatic form of payment.

Optional Form for Married Participant—Joint and 100% Survivor Annuity. If you are married and do not wish either the automatic joint and 50% survivor annuity or the single life annuity form of payment, you may elect a joint and 100% survivor option with your spouse as beneficiary.

This option provides a reduced benefit for your lifetime. After your death, your spouse will receive 100% of your benefit amount.

An illustration of the benefits under the 100% option is shown in Example 5 on the pages that follow.

Optional Form for Married Participant – Single Life Annuity. You may elect to draw your vested retirement benefit as a single life annuity if you are married and wish to waive (give up) your right to the automatic form of payment (see below). Because the single life annuity form of payment will not provide a survivor benefit to your spouse in the event of your death, your spouse must agree in writing to your election (see Spousal Consent in this section).

Optional Lump-Sum Payment of Vested Retirement Benefit. If the present value of your vested retirement benefit is between $3,500 and $10,500 when payment is to be made, you may waive your right to automatic annuity payments and elect a single, lump sum payment, subject to the spousal consent requirements described under the "Spousal Consent" section. In this case, no further benefits will be payable to any person.

The present value of your vested retirement benefit is determined using a combination of your attained age, the plan's interest rate, and your accrued benefit at normal retirement age. You should discuss eligibility for a lump-sum payment and the effect on your retirement benefits with the Benefits Office.

Optional Separate Payment of Contributions Plus Credited Interest. Under the terms of the plan your contributions plus credited interest are part of your vested retirement benefit and payable in the automatic annuity form. If you choose, you may waive (give up) the automatic annuity form of payment for your contributions plus credited interest and elect a separate single, lump sum payment of that amount, with the consent of your spouse. (See "Spousal consent" section.) In this case, the vested retirement benefit you may be eligible to receive will be reduced for the amount of that payment.

Automatic Lump-Sum Payment. If you leave the company and all affiliated companies when the present value of your vested retirement benefit is $3,500 or less, your benefit will be paid to you (or your survivor) in a single, lump-sum payment. Annuity payments will not be available.

Minimum Payment Amount. Regardless of the form of payment you elect, you and/or your beneficiary are guaranteed to receive a retirement benefit equal to at least the value of the amount you contributed to the plan, plus interest.

Spousal Consent. If you are married and choose to receive a single life annuity instead of the joint and 50% or joint and 100% survivor option with your spouse as beneficiary, your spouse must agree in writing to this form of payment. The agreement must be notarized or witnessed by a plan representative. (Spousal consent forms for this purpose may be obtained from the Benefits Office.) You must return the spousal consent form to the Benefits Office about 4 weeks before payments are to begin. You cannot begin receiving benefits until a properly completed form is received and approved by the Committee or its representative.

Taxation of Benefit Payment and Rollovers

Generally, you will be subject to ordinary federal income taxes on payments of your retirement benefits except any portion that is attributable to your own contributions, as determined under IRS regulations.

If you choose a single, lump-sum payment of all or a part of your vested retirement benefit, 20% of the taxable part of the payment will be withheld automatically for federal income taxes at the time you receive the money. If you are not at least age 59 1/2, you may also be liable for an additional 10% early payment penalty tax on the taxable part, unless one of the exceptions applies.

You may defer federal income taxes and avoid the mandatory 20% withholding on your lump-sum payment by electing a direct rollover from the retirement plan to your Individual Retirement Account (IRA) or another employer's qualified plan. The minimum direct rollover amount is $500.

Applying for Benefits

To initiate payment of your retirement plan benefits, you should apply in writing to the Benefits Office about 4 weeks before your benefit is to begin. A set of retirement application forms will be prepared for you, and you should then make an appointment with the Benefits Office (526-2000, Option 7) to review and discuss these forms.

Within a reasonable time following the receipt of your completed retirement application, and prior to your retirement date, you will receive an explanation of the forms of benefit payments available to you and the terms and conditions, if any, of each option. This notice will also explain your right to elect or reject certain options and the possible effects of your actions.

If you are married and do not select a payment option, your benefits will be paid as a joint and 50% survivor annuity. If you are not married, your benefits will be paid as a single life annuity.

If You Leave Before You Are Eligible for Early Retirement

If you end employment with the company and/or its affiliated companies before you are eligible for payment of an early retirement benefit, and the present value of your vested retirement benefit is over $3,500, you may be eligible for retirement benefits from the plan as described below.

Refunding of Contributions. You may choose to receive immediate payment of the value of your contributions, including credited interest, or you may defer payment until your retirement benefits start. If you elect payment of the value of your contributions before you are eligible to start retirement benefits, payment is made as described in the Section titled "Optional Separate Payment of Contributions Plus Credited Interest."

Benefits Before You Become Fully Vested. If you end employment for any reason before you have completed at least 5 years of cumulative service or are eligible for early retirement benefits, payment will be based only on the value of your contributions plus credited interest.

Deferred Benefit. If you end employment after you have earned a vested retirement benefit from the plan, but before you are eligible for an early retirement benefit, you will be entitled to a vested deferred retirement benefit. Your vested deferred retirement benefit is payable beginning at your normal retirement date (age 65), or at your election, beginning when you are eligible to start an early retirement benefit. You may make a written election to defer payment to age 70-1/2. If you elect to start payments before age 65, your benefits will be actuarially reduced, as shown in the table included in the section titled "Early Retirement."

If You Are Transferred To An Affiliated Company

If your employment is transferred to an affiliated company, you will not be eligible to elect a distribution of your vested retirement benefit until your employment with the affiliated company ends. If you are not fully vested when you are transferred, you will receive cumulative years of service credit (towards vesting only) for your employment with the affiliated company.

If You Are Rehired

The following provisions will be applied if you terminate your employment and are subsequently rehired:

- If you were not vested when you ended employment, your previous cumulative and credited service may be retained if you are rehired as described in the cumulative service and break in service sections. Other rules on retaining past service are described here.

- If you are rehired after a break in service, any eligible cumulative and credited service from before the break which must be recredited, will be recredited to you when you are rehired.

- If you are rehired within 5 years and you previously received a distribution of your contributions plus credited interest only, the total benefit you had earned based on service before you left the company will be restored to you, less any benefit attributable to your contribution and interest previously refunded. The benefit restored will be added to any new benefit that you earn based on credited service after your date of reemployment.

- If you were not vested when you terminated and are gone for 5 or more years, you will earn future benefits based on credited service after your date of reemployment only. You will lose your prior cumulative service and credited service.

- If you were fully vested at the time your employment ended and you incur a period of severance after July 1, 1976, your cumulative service will include service before your termination when you are later rehired. You earn additional benefits based only on your credited service and earnings after reemployment.

- If you are receiving a retirement benefit from the plan and you return to company employment, special rules apply as to how much of your benefit payments will be continued. Please contact the Benefits Office before you resume employment, and they will provide information to you on these issues. When you retire again, your prior benefit payments may be recalculated, taking into account any age differential. You earn additional benefits based only on your credited service and earnings after reemployment.

Leave of Absence or Layoff

Leave of Absence. The impact of a leave of absence on your retirement benefits depends upon the type of leave, as follows:

- Paid Leaves of Absence—You continue to earn years of cumulative (vesting) and credited (benefit) service during paid leaves of absence such as personal leave, short-term disability bank usage, holidays, court leave, death in family leave, and military leave for training.

- Unpaid Leaves of Absence Where Employment ***DOES NOT*** Terminate – You continue to earn years of cumulative (vesting) service during unpaid leaves of absence in which your employment is not terminated. You may also earn years of credited (benefit) service provided you continue to make any required employee contributions during the leave period. Leaves that are included under this section are time off without pay, Family and Medical Leave of Absence, Inactive Employee Status, Military Leave for Active Duty (not involving an employment termination) and Professional Leave of Absence (not involving an employment termination).

- Unpaid Leaves of Absence Where Employment ***DOES*** Terminate – You may earn up to one year of cumulative (vesting) service during an unpaid leave of absence in which your employment terminates, provided you return to active employment with BBWI before the expiration date of the leave including extensions. Leaves included under this section are Administrative Leave of Absence, Military Leave for Active Duty (where employment terminates) and Professional Leave of Absence (where employment terminates).

  Except in the case of Military Leave for Active Duty, you will not earn credited (benefit) service during these leaves. Military Leave participants will receive credited (benefit) service based on veterans' reemployment rights as established by federal law.

Layoff. You may earn up to one year of cumulative (vesting) service during a layoff which results in your employment termination. If you become age 55 (and are/become fully vested) during this one year period, you may start to draw a subsidized early retirement benefit (see section on Early Retirement) even though you did not actually retire when your employment terminated with the Company. You will not earn credited (benefit) service during a layoff.

Survivor Benefits—Single Employees

If you are single and die before your retirement benefit payments begin, no retirement benefits are payable from the plan. However, your designated beneficiary would receive a single lump sum payment of your contributions plus credited interest remaining in the plan.

The Company is required to follow your beneficiary designation, so it is important to keep your designation current. However, if you are married on the date of your death before benefits start, your designation of a beneficiary when you were single will be invalid. Your spouse is automatically your beneficiary except under certain circumstances, as explained below.

Survivor Benefits—Married Employees

Spouse's Benefit Before You Retire. If you are vested and you die before benefit payments begin, a benefit will be paid to your surviving spouse (unless you waive this coverage after reaching age 50 by following the procedures outlined below). This benefit is called a "Qualified Preretirement Spouse's Annuity." The benefit is a monthly income payable to your spouse for his/her life.

The amount of benefit is the survivor portion of the joint and 50% survivor option. It is based on your vested retirement benefit, the age you would have been had you survived to the date benefits are to begin, and the age of your spouse when benefits begin.

If the present value of the Qualified Preretirement Spouse's Annuity is not over $3,500 at the date of your death, that present value will be paid to your surviving spouse only in a lump sum. If the present value is over $3,500 but not over $10,500 when payment is to be made, your spouse may waive the annuity benefit and elect a single lump sum payment. In this case, no further benefits will be payable to any person.

Even if the value of the benefit is over $10,500, your spouse may elect a separate single lump-sum payment of the value of your contributions plus credited interest before benefits start, in which case, monthly benefit payments will be reduced.

Payment will begin at your spouse's election, but not earlier than the date you would have been eligible to start early retirement benefits. Benefit payments cannot begin later than April 1 of the year after the later of (1) the year you would have been age 70½ or (2) the year of your death.

Waiving the Qualified Preretirement Spouse's Annuity. You will automatically be covered at no charge under the Qualified Preretirement Spouse's Annuity option before you reach age 50. Your coverage will continue after you reach age 50 and there will be a charge for the coverage (see below), unless you and your spouse choose to waive (give up) this protection. Shortly before you become age 50, the Benefits Office will notify you about the cost of the Qualified Preretirement Spouse's Annuity and the procedure to follow to waive this coverage.

If you wish to waive the Qualified Preretirement Spouse's Annuity option after age 50, you must obtain your spouse's written consent. Both you and your spouse must sign a waiver form available from the Benefits Office. You may rescind a waiver at any time after receipt of the form and up to the earlier of (a) your date of death or (b) the start of benefit payments. The consent of your spouse is not required for your election to rescind your waiver.

If you waive the Qualified Preretirement Spouse's Annuity and die before you retire and retirement benefit payments begin, your survivor will receive only a lump-sum payment of your contributions plus interest. No further benefits will be payable from the plan.

The consent of your spouse to waive the Qualified Preretirement Spouse's Annuity option is only valid for that spouse. If your marital status changes, you may need a new waiver and/or beneficiary designation. It is your responsibility to keep your waiver and/or beneficiary designation current.

Cost of Qualified Preretirement Spouse's Option Coverage After Age 50. If you do not waive the Qualified Preretirement Spouse's Annuity option, the retirement benefits otherwise payable to you will be reduced to reflect the value of this protection from age 50 to your age at retirement. The amount of this reduction is 3/10 of 1% for each year the coverage is in effect between ages 50 and 55 (prorated by month), and 6/10 of 1% between ages 55 and 65.

Payment of Your Contributions If You Die Before Your Retirement Benefits Start. If you are married and die before age 50, the value of your contributions plus credited interest is part of your vested retirement benefit and payable only to your surviving spouse as a Qualified Preretirement Spouse's Annuity or in a lump sum, as explained above. You may not name any other person as your beneficiary.

However, if you waive the Qualified Preretirement Spouse's Annuity (with your spouse's consent) after you reach age 50, you may designate a beneficiary other than your spouse to receive payment of your contributions plus credited interest should you die before retirement benefit payments begin. Your spouse must give written consent to your beneficiary designation.

Minimum Survivor's Benefit. If you die before retiring, your surviving spouse or beneficiary will always receive at least the amount you had contributed plus any credited interest. If you are married, this is true regardless of whether you waive the Qualified Preretirement Spouse's Annuity option.

Survivor Benefits After Your Retirement Payments Begin. If you die after your retirement benefit payments begin, benefit payments will continue to be made to your surviving spouse only if the form of payment you elected provides for survivor benefits (i.e., if you elected the joint and 50% or joint and 100% survivor option).

The only other situations in which survivor benefits would be payable are:

- If you die with a single life annuity form of payment, and the total payments at the time of your death are less than the value of your contributions plus credited interest

- If you and your beneficiary both die before the total amount of payments equals the value of contributions plus credited interest.

In either of these cases a lump-sum payment of the remainder of the value of your contributions plus interest, minus the amount of total payments, would be made to your (or your spouse's) beneficiary or estate.

Benefits If You Become Disabled

If you become totally disabled and are receiving benefits from the company's long-term disability (LTD) plan, you can continue to earn benefits under the retirement plan as an LTD participant.

If you become totally disabled and are not covered under the company's LTD plan, but would have qualified for LTD benefits if you had been covered, you can also continue to earn benefits as an LTD participant. You must submit a written request to the Benefits Office for a determination that you can continue to earn benefits as an LTD participant because you would have qualified for LTD benefits. The Benefits Office may require you to furnish such documentation as it deems to be necessary or appropriate to make such a determination.

If you reach age 55 and are vested while drawing LTD benefits, you may elect to begin receiving subsidized benefits (see section on "Early Retirement") from the retirement plan even though you did not actually retire from the company at the time your employment terminated. When benefits from the retirement plan begin, any LTD benefits you are receiving will stop.

Your eligibility for continued participation in the retirement plan as an LTD participant will stop when one of the following events occurs:

- You can return to work as determined under the LTD plan and you do not rejoin the company
- You exhaust your LTD benefits
- You retire
- You die.

Non-Alienation of Benefits and Qualified Domestic Relations Orders

The retirement plan specifically prohibits alienation or assignment, pledging or other similar use of any benefits, except that the retirement plan must obey Qualified Domestic Relations Orders (QDROs) issued by a court requiring benefit payments to a spouse, former spouse, child or other dependents. These court orders must comply with the requirements of the Internal Revenue Code and be approved by the Plan Administrator before any payments are made.

Plan Benefit Examples

The following examples illustrate plan benefits for a hypothetical employee, Employee A, under various circumstances.

Examples 1 and 2	Normal retirement (age 65)
Examples 3 and 4	Early retirement (age 60)
Example 5	Joint and survivor option (age 65)
Example 6	Benefit on death before retirement (age 60)

Assume the following information for Employee A:

Date of birth	August 31, 1940
Date of participation	September 1, 1980
Normal retirement date	September 1, 2005
Assumed highest average (3-year of last 5 years) earnings	$4,000 per month
Average covered compensation	$3,704 per month
Primary Social Security	$1,020 per month

Assumes no election of cash-out of employee contributions plus credited interest.

It should be noted that in examples 1, 2, and 5, Employee A would be eligible to receive additional monthly income from Social Security.

EXAMPLE 1

NORMAL RETIREMENT
On September 1, 2005 (age 65), 25 years of credited service from September 1, 1980, through September 1, 2005

(Single Life Annuity)

Employee A's monthly retirement benefit is calculated using Methods 1 and 2 below to determine which produces the higher benefit.

Method 1

(a) Highest average earnings 9/1/2005	$4,000.00
(b) Covered compensation	3,704.00
(c) 1% X $3,704	37.04
(d) 1.8% X ($4,000 - $3,704)	5.33
(e) Total credited service on 9/1/2005	25 years
(f) Monthly benefit = [(c) + (d)] X (e)	$1,059.25

Method 2

(a) Highest average earnings 9/1/2005	$4,000.00
(b) 1.2% X $4,000	48.00
(c) Total credited service on 9/1/2005	25 years
(d) Monthly benefit (b) X (c)	$1,200.00

Employee A's monthly retirement benefit at age 65 will be $1,200.00, the higher of 1(f) $1,059.25 and 2(d) $1,200.00.

EXAMPLE 2

AUTOMATIC FORM OF RETIREMENT – MARRIED EMPLOYEES

Payment at Normal Retirement Date
(Joint and 50% Survivor Annuity)

Suppose that Employee A retires at age 65 as in Example 1, and the employee's spouse is age 60 when Employee A retires. The monthly income from the plan, as determined under the normal form (Example 1), of $1,200.00 would be reduced by applying the factor 83.66%, as follows:

Monthly Benefit = .8366 X $1,200.00 = $1,003.92.

The amount of monthly income payable to Employee A under the automatic form of payment is $1,003.92, beginning at age 65. This amount will be payable to Employee A for life.

After Employee A's death, if the spouse survives, the spouse's benefit will be 50% of the $1,003.92, or $501.96 monthly for life.

EXAMPLE 3

EARLY RETIREMENT

On September 1, 2000 (age 60), 20 Years of Credited Service from
September 1, 1980 to September 1, 2000
(Single Life Annuity)

Assume the date of Employee A's retirement is September 1, 2000, rather than the normal retirement date of September 1, 2005.

Method 1

(a) Highest average earnings 9/1/2000	$4,000.00
(b) Covered compensation	3,704.00
(c) 1% X $3,704	37.04
(d) 1.8% X ($4,000 - $3,704)	5.33
(e) Total credited service on 9/1/2000	20 years
(f) Monthly benefit = 1(c) + Id)] X (e)	$ 847.40

Method 2

(a) Highest average earnings 9/1/2000	$4,000.00
(b) 1.2% X $4,000	48.00
(c) Total credited service 9/1/2000	20 years
(d) Monthly benefit = (b) X (c)	$ 960.00

Method 2 ($960.00) would be applicable, because it is higher than 1(f): $847.40.

NOTE: The above benefit is calculated according to the normal form of payment, which is a single life annuity, payable at age 65.

If Employee A wishes to have the benefit payments begin at age 60, the retirement benefit would be calculated by applying the factor 94.0% (shown in the table in the section on "Early Retirement") for age 60:

> Monthly Benefit
> At Age 60 = .94 X $960.00 = $902.40.

The monthly retirement benefit provided by the plan, beginning at age 60 (September 1, 2000), will therefore be reduced to $902.40.

EXAMPLE 4

AUTOMATIC FORM OF RETIREMENT – MARRIED EMPLOYEES

Payment at Early Retirement
(Joint and 50% Survivor Annuity)

Suppose Employee A is married, as in Example 2, and that retirement occurs at age 60, as in Example 3. The monthly life income from the plan (normal form) of $902.40 payable at age 60, would be further reduced by applying the factor 86.59% to reflect the 50% continuation to the spouse after death, as follows:

Monthly Benefit
At Age 60 = .8659 X $902.40 = $781.39.

Employee A's monthly pension payable at age 60 and thereafter for life is $781.39. After Employee A's death, if the spouse survives, the spouse's benefit will be 50% of the $781.39, or $390.70 monthly for life.

EXAMPLE 5

JOINT ANNUITANT OPTION – MARRIED EMPLOYEES

At Normal Retirement
(Joint and 100% Survivor Annuity)

Suppose that Employee A retires at age 65, as in Example 1, and that the joint annuitant option is elected with 100% of Employee A's income to continue to the spouse who is five years younger (age 60).

The accrued monthly income from the plan of $1,200.00 would be reduced by applying the factor 71.91%, as follows:

Monthly Benefit = .7191 X $1,200.00 = $862.92.

The amount of monthly income payable to Employee A under the plan will therefore be reduced to $862.92, beginning at age 65. This amount will be payable thereafter to Employee A for life.

After Employee A's death, if the spouse survives, the monthly benefit of $862.92 for the spouse will continue for life.

EXAMPLE 6

BENEFIT ON DEATH BEFORE RETIREMENT

Assume that Employee A, while actively employed, dies at exactly age 60, and the spouse is five years younger. Also assume that Employee A had not waived the spouse's benefit option, and that it became effective on the employee's 50th birthday.

The monthly spouse's benefit payable for life is computed as though Employee A had retired with the joint and 50% survivor option in effect and died one day after retirement. This benefit would be reduced by 0.3% X 5, or 1.5% (the cost of the preretirement death benefit option between ages 50 and 55), and 0.6% X 5, or 3% (the cost of the preretirement death benefit option between ages 55 and 65), for a total of 4.5%, to reflect the cost of the spouse's benefit option.

The spouse would be entitled to a monthly life income from the plan of 50% of 95.5% (100% - 4.5%) of $781.39 (Employee A's reduced accrued benefit computed in Example 4), or $373.11.